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CURRENT INTELLIGENCE WEEKLY SUMMARY

17 August 1962

THE WEEK IN BRIEF
(Information as of 1200 EDT 16 Aug)

SOVIET FOREIGN POLICY DEVELOPMENTS Page 1

Moscow's heavy coverage of the manned space flights completely overshadowed the Berlin and German questions last week. The USSR and East Germany adopted a generally defensive posture in connection with the first anniversary of the Berlin wall on 13 August. There were no major political pronouncements and no military demonstrations. The Communists attempted through diplomatic protests and propaganda to place the blame for the wall and attendant tensions on the West. Despite the continuing war of nerves over the possibility of early action on a separate peace treaty, the Soviets and East Germans reiterated their preference for a negotiated settlement and hinted at flexibility on the crucial issue of the presence of Western forces in West Berlin. At Geneva, the Soviet delegate formally rejected the new US test-ban proposals.

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LAOS Page 3

Souvanna has proposed nine sites for the International Control Commission inspection teams that are to be "in place" by 6 September, but he has not yet obtained Pathet Lao acquiescence. Friction between Souvanna and Pathet Lao leader Souphannouvong appears to be increasing over a variety of issues.

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WEST NEW GUINEA Page 5

The signing on 15 August of a Dutch-Indonesian agreement on West New Guinea removes the danger of major hostilities. Small-scale Indonesian infiltrations may continue, however, and major assault forces continue to stand by in East Indonesia.

Djakarta is anxious

to increase its military presence in New Guinea before an interim UN administration takes over this October. Authority is to be transferred to Indonesia next May.

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CONGO Page 6

Western European nations are lukewarm toward the plan to induce Tshombe, if necessary by economic sanctions, to rejoin the Congo. While the Europeans agree with the plan's objectives, they are not prepared to use economic coercion to ensure its success. Press reports of these reservations have probably encouraged Tshombe to resist. Official Katangan reaction to the sanctions already applied by Adoula has been mild, and Tshombe continues to stress his readiness to discuss "reasonable solutions." Sporadic fighting has apparently broken out in Northern Katanga.

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K ALGERIA 25X1 Page 7

Attempts by Ben Bella's political bureau to select candidates for the 2 September elections and to assert civilian control over the Algerian National Army are being resisted by the commanders of the military regions. Although a showdown with army leaders appears inevitable, Ben Bella will probably seek to avoid bringing the issue to a head until after the elections.

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OK KHRUSHCHEV PROMOTES MODERN APARTMENT CONSTRUCTION Page 8

Khrushchev is stepping up modern apartment construction as the most economical and ideologically desirable way to alleviate the Soviet housing shortage. A decree published on 7 August cuts off single-unit housing construction in major cities and advances multi-story cooperative apartments which make maximum use of scarce land and facilitate social control. For some time Khrushchev has urged Soviet designers to adopt a simpler, more functional style along Western lines and has tried to modernize the population's taste for the ornate in architecture.

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CONTROL IN COMMUNIST CHINA Page 10

The reappearance of propaganda endorsing birth control underscores Peiping's anxiety about its long-term economic problems, in particular the failure of production to keep pace with population growth. Even though an earlier birth control campaign was abandoned in 1958 during the "leap forward," the population is probably increasing less rapidly than in the past because of the effect of deteriorating dietary and health standards on death rates.

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THE INDIAN-CHINESE BORDER DISPUTE. Page 11

The Indian Government is apparently re-examining its policies regarding its border dispute with Communist China. It has already retreated from its aggressive military posture in Ladakh, fearing that its troops would be badly defeated in a new conflict with the Chinese there. Nehru is still demanding, however, that Chinese forces withdraw from the territory they occupy in Ladakh before formal negotiations begin.

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OK DEVELOPMENTS IN FINLAND Page 14

Finland's four-month-old coalition cabinet is having difficulties as a result of differences over domestic policies and the dissatisfaction of the smaller coalition parties with the actions of the dominant Agrarian party. A number of controversial internal issues, together with the growing restiveness of labor, will test the ability of the governing parties to hold together in the coming weeks. Foreign policy issues have not figured prominently in intra-cabinet bickering, and President Kekkonen apparently continues to handle in person the more sensitive problems arising in Soviet-Finnish relations. [REDACTED]

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OK BRAZIL 25X1 Page 18

Intense political maneuvering is continuing in Brasilia as the leftist Goulart regime attempts to increase its power vis-a-vis the conservative congress. Many moderates in political and military circles dislike the parliamentary system but are uneasy over moves to restore a strong presidency because of the leftist tendencies of President Goulart.

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OK HAITIAN DICTATOR ACTS TO PREVENT HIS OUSTER. Page 19

Haitian President Duvalier has for the moment staved off the threat to his dictatorship presented by plotting in the regular armed forces. Militia units loyal to him have been concentrated at key points throughout the capital, and appear to be in full control. [REDACTED]

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OK MEXICAN GOVERNMENT CONCERN OVER COMMUNIST ACTIVITIES . . . Page 20

The Mexican Government is becoming more sensitive to Communist activities and has displayed increased energy in controlling them. President Lopez Mateos has personally interfered with political schemes of pro-Communist former

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president Lazaro Cardenas, and the investigation of Communist activities brought to light during preparations for President Kennedy's visit is evidently continuing. The government has also encouraged the removal of influential Communist-controlled labor leaders and has confiscated Communist propaganda from Latin Americans passing through Mexico en route home from Cuba. [REDACTED]

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PANAMA SEEKS INTERNATIONAL SUPPORT FOR CANAL ZONE DEMANDS. Page 21

The foreign ministers of two other Latin American countries have issued public statements supporting Panama's claims of sovereignty in the Canal Zone. This apparently reflects efforts by Panama to obtain Latin American backing in its current discussions with the US, and may be followed by similar expressions of solidarity from other governments. Panama is expected to raise the issue at the UN. [REDACTED]

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THE SITUATION IN SURINAM Page 22

The political and economic situation in Surinam is deteriorating. The three-party coalition government functions poorly under irresponsible leadership, racial tension between the Creoles and the East Indians is growing, Communist influence is on the increase, and the country appears to be on the verge of an economic recession. The political unrest is reflected in the rapid multiplication of parties over the past year. Surinam wants considerably more financial and technical assistance than is available from the Netherlands or other sources at the moment, and frustration in realizing the country's development potential could provoke dangerous anti-Western attitudes, especially in view of the heterogeneous character of the population. [REDACTED]

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SPECIAL ARTICLES

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AUSTRIAN DEVELOPMENTS Page 6

The Austrian political scene is currently dominated by the Common Market issue. The EEC Council on 20 July heard Vienna's case for an associative tie; formal negotiations will not begin before late fall and are expected to

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25X1 be long and difficult. Chancellor Gorbach and Foreign Minister Kreisky believe their recent visits to Moscow and Paris have improved the prospects for obtaining such an EEC tie. While there is as yet no significant disagreement between the two coalition parties on the Common Market question, interparty friction has increased as a result of labor unrest and other economic difficulties, and parliamentary elections have been moved up from May to November. [REDACTED]

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OK BLOC AID AND TRADE PROGRAM IN AFRICA Page 9

25X1 Despite occasional setbacks--notably in the Congo and in Guinea--the Sino-Soviet bloc's aid and trade program in Africa continues to expand. Its greatest successes have been in the field of civil aviation, but agricultural aid has been stressed and some priority is given to development of transportation facilities. Preliminary surveys on a number of projects are nearing completion, and the next six months should see an acceleration in delivery of materials as construction begins. Trade continues to rise, because the bloc takes raw materials which face stiff competition in free markets and provides equipment and materials needed in African development programs. [REDACTED]

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